

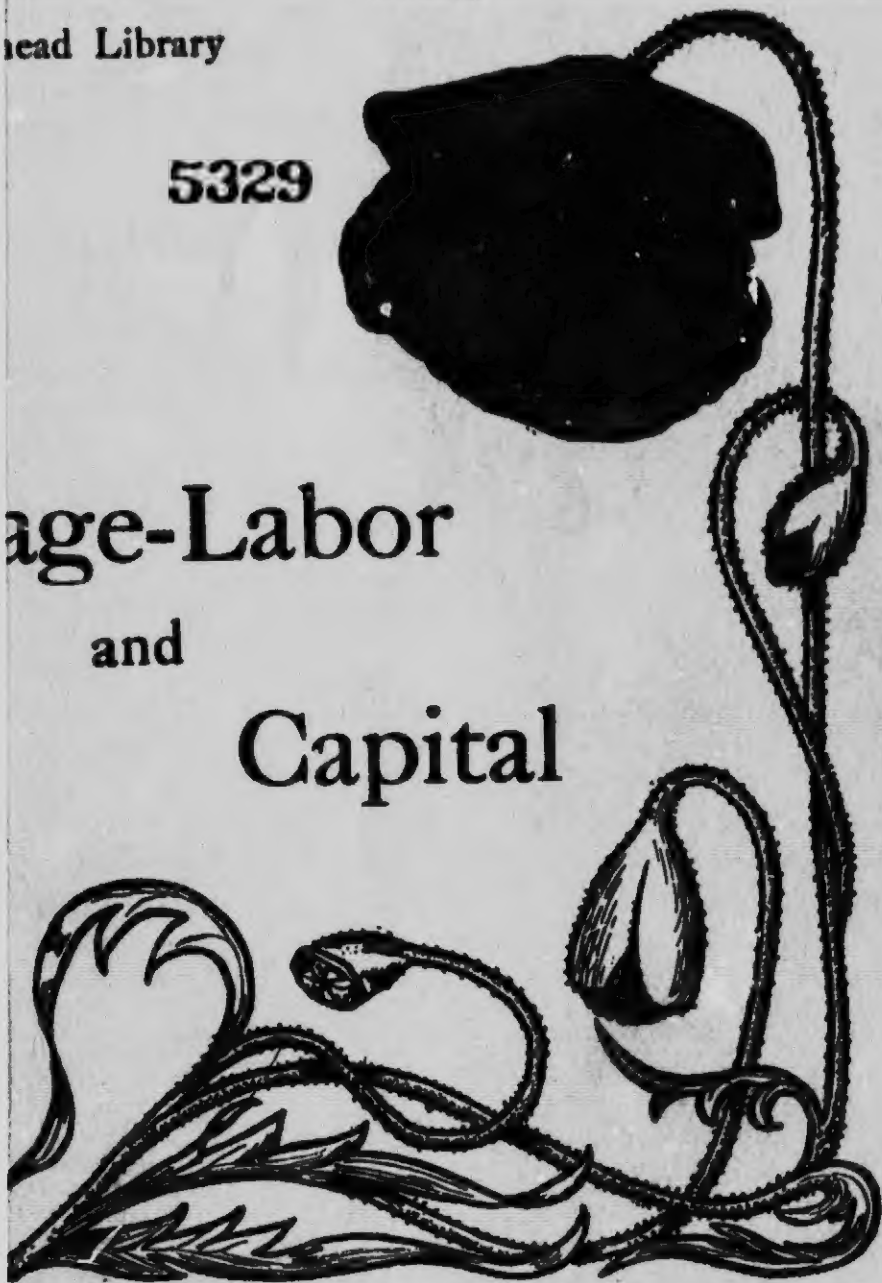
John Walter,
82 Fairview Ave.,
Kitchener, Ont.

104

Head Library

5329

Age-Labor
and
Capital





John Walter,
82 Fairview Ave.
Kitchener, Ont.

WAGE-LABOR and CAPITAL

BY
KARL MARX

WITH AN APPENDIX BY FREDERICK ENGELS.
TRANSLATED BY J. L. JOYNES.

VANCOUVER, B.C.
THE WHITEHEAD ESTATE.

95120

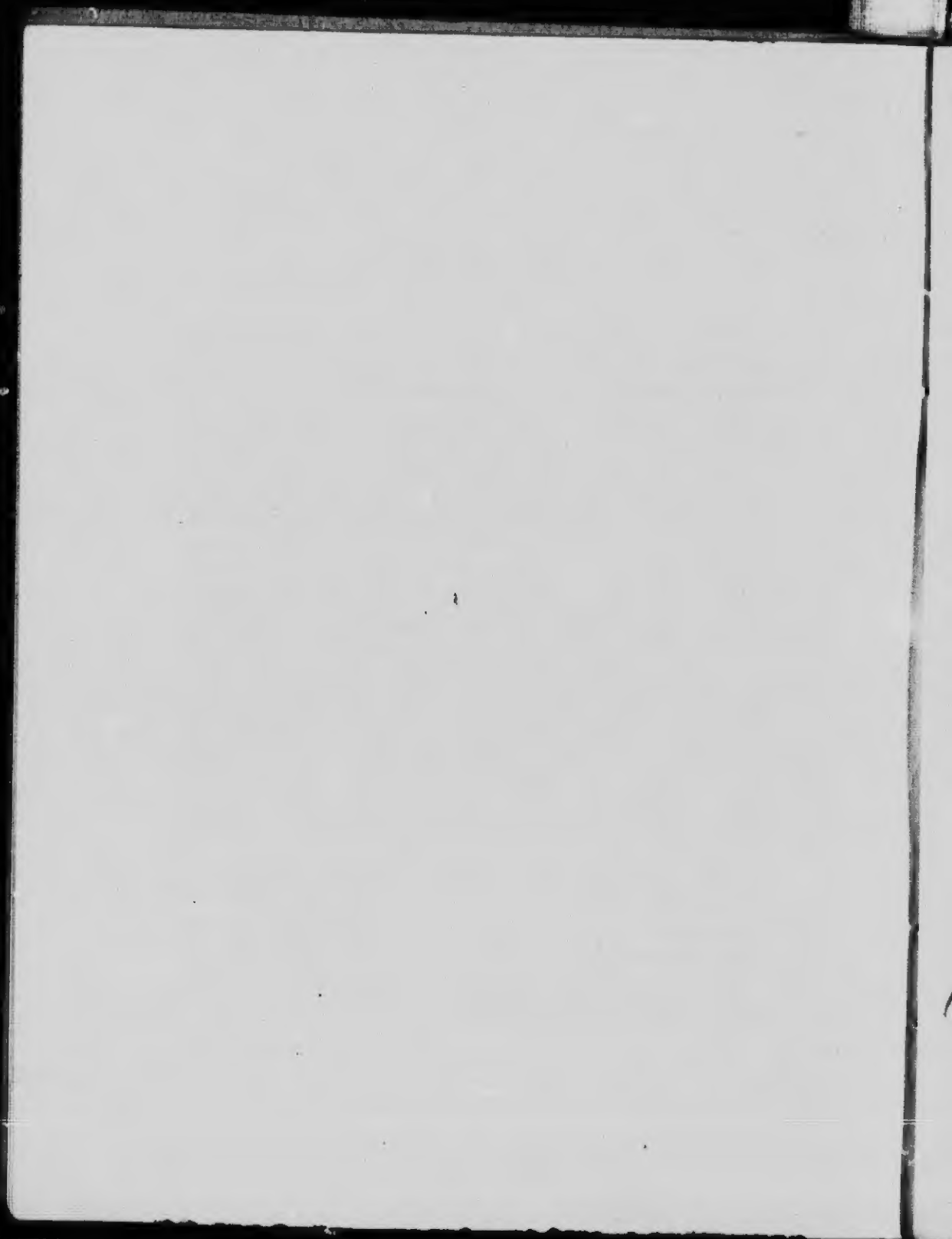
PROPERTY OF THE LIBRARY
UNIVERSITY OF WATERLOO

**This series of pamphlets is published
for the Socialist Party of Canada, under
the terms of the bequest of the late Com-
rade George Whitehead, of Vancouver,
B. C.**

FOREWORD.

The pamphlet, here printed, was first published in 1849. It was revised in the year 1891 by Engels in order that the text might be brought more in accordance with the, by that time, generally accepted terminology of the Marxian School. Engels, at the same time, wrote an introduction explaining these changes in the text, and also supplying certain historical details which are of general interest and help to fix the place of the work in the development of the Marxian system. The present editors have taken the liberty of placing this introduction at the end of the book as an appendix. This we have done because this pamphlet, addressed to working men, was obviously intended for propaganda purposes and, inasmuch as the introduction is somewhat long and discusses a number of technical and controversial points, it was thought that it would interfere with the main purpose of the book and detract from its usefulness, somewhat after the manner of a long-winded chairman.

The pamphlet in its original form was Ricardian rather than Marxian, and those readers who are acquainted with the Hegelian philosophy, to the left wing of which school Marx belonged, will not be surprised that it has considerable value even for advanced students of Marx.



WAGE-LABOR AND CAPITAL

WHAT ARE WAGES, AND HOW ARE THEY DETERMINED?

If we were to ask the laborers "How much wages do you get?" one would reply, "I get a couple of shillings a day from my employer"; another, "I get half-a-crown" and so on. According to the different trades to which they belong they would name different sums of money which they receive from their particular employers, either for working for a certain length of time or for performing a certain piece of work; for example, either for weaving a yard of cloth, or for setting up a certain amount of type. But in spite of this difference in their statements there is one point in which they would all agree; their wages are the amount of money which their employer pays them, either for working a certain length of time or for a certain amount of work done.

note / Thus their employer, it would seem, buys their labor for money. For money they *sell* their labor to him. But this is mere appearance. What they really sell to the employer for money is their labor-power. This labor-power the employer buys for a day, week, month, etc. And having bought it, he uses it by making the laborer work during a stipulated period of time. With the same sum

for which the employer has bought their labor-power, as for instance, with a couple of shillings, he might have bought four pounds of sugar or a proportionate amount of any other wares. The two shillings with which he buys the four pounds of sugar are the *price* of four pounds of sugar. The two shillings with which he buys the use of labor-power for twelve hours are the price of twelve hours labor. Labor-power is therefore as much a commodity as sugar, neither more nor less, only they measure the former by the clock, the latter by the scale.

The laborers exchange their own commodity for their employers' commodity, labor-power for money; and this exchange takes place according to a fixed proportion. So much money for so long a use of labor-power. For twelve hours' weaving, two shillings. And do not these two shillings represent all other commodities which I may buy for two shillings? Thus the laborer has, in fact, exchanged his own commodity, labor-power, for all kinds of other commodities, and that in a fixed proportion. His employer in giving him two shillings has given him so much meat, so much clothing, so much fuel, light, and so on, in exchange for his day's work. The two shillings, therefore, express the proportion in which his labor-power is exchanged for other commodities—the *exchange-value* of his labor-power; and the exchange value of any commodity expressed in *money* is called its *price*. *Wage* is therefore only another name for the price of labor-power, for the price of this peculiar commodity which can have no local habitation at all except in human flesh and blood.

Take the case of any workman, a weaver for instance. The employer supplies him with thread and loom. The weaver sets to work, and the thread is turned into cloth. The employer takes possession of the cloth and sells it, say for twenty shillings. Does the weaver receive as wages a *share* in the cloth—in the twenty shillings—in the product of his labor? By no means. The weaver receives his wages long before the product is sold. The employer does not, therefore, pay his wages with the money he will get for the cloth, but with money previously provided.

Loom and thread are not the weaver's product, since they are supplied by the employer, and no more are the commodities which he receives in exchange for his own commodity, or, in other words, for his work. It is possible that the employer finds no purchaser for his cloth. It may be that by its sale he does not recover the wages he has paid. It may be that in comparison with the weaver's wages he made a great bargain by its sale. But all this has nothing whatever to do with the weaver. The employer purchases the weaver's labor with a part of his available property—of his capital—in exactly the same way as he has with another part of his property bought the raw material—the thread—and the instrument of labor—the loom. As soon as he has made these purchases—and he reckons among them the purchase of the labor necessary to the production of the cloth—he proceeds to produce it by means of the raw material and the instruments which belong to him. Among these last is, of course, reckoned our worthy weaver, who has as

little share in the product, or in the price of the product, as the loom itself.

Wages, therefore, are not the worker's share of the commodities which he has produced. Wages are the share of commodities previously produced, with which the employer purchases a certain amount of productive labor-power.

Labor is, therefore, a commodity which its owner, the wage worker, sells to capital. Why does he sell it? In order to live.

But the expenditure of the labor-power, labor, is the peculiar expression of the energy of the laborer's life. And this energy he sells to another party in order to secure for himself the means of living. For him, therefore, his energy is nothing but the means of ensuring his own existence. He works to live. He does not count the work itself as a part of his life, rather is it a sacrifice of his life. It is a commodity which he has made over to another party. Neither is its product the aim of his activity. What he produces for himself is not the silk he weaves, nor the palace that he builds, nor the gold that he digs from out the mine. What he produces for himself is his *wage*; and silk, gold, and palace are transformed for him into a certain quantity of means of existence—a cotton shirt, some copper coins, and a lodging in a cellar. And what of the laborer, who for twelve hours weaves, spins, bores, turns, builds, shovels, breaks stone, carries loads and so on? Does his twelve hours' weaving, spinning, boring, turning, building, shoveling, and stone-

breaking represent the active expression of his life? On the contrary. Life begins for him exactly where this activity of his ceases—at his meals, on the public-house bench, in his bed. His twelve hours' work has no meaning for him as weaving, spinning, boring etc., but only as *earnings* whereby he may obtain his meals, his seat in the public-house, his bed. If the silkworm's object in spinning were to prolong its existence as a caterpillar, it would be a perfect example of a wage worker.

Labor-power was not always a commodity. Labor was not always wage labor, that is, free labor. The slave does not sell his labor to the slave-owner. The slave, along with his labor, is sold once for all to his owner. He is a commodity which can pass from the hand of one owner to that of another. He *himself* is a commodity, but his labor is not *his* commodity. The *serf* sells only a portion of his labor. He does not receive his wages from the owner of the soil; rather the owner of the soil receives a tribute from him. The serf belongs to the soil, and to the lord of the soil he brings its fruits. The *free laborer*, on the other hand, sells himself, and that by fractions. From day to day he sells by auction, eight, ten, twelve, fifteen hours of his life to the highest bidder—to the owner of the raw material, the instruments of work and the means of life; that is, to the employer. The laborer himself belongs neither to an owner nor to the soil; but eight, ten, twelve, fifteen hours of his daily life belong to the man who buys them. The laborer leaves the employer to whom he has hired himself whenever he pleases; and the employer discharges him whenever he thinks

fit, either as soon as he ceases to make a profit out of him or fails to get as high a profit as he requires. But the laborer, whose only source of earning is the sale of his labor-power, cannot leave *the whole class of its purchasers*, that is, the *capitalist class*, and more than that: it is his business to find an employer; that is, among this capitalist class it is his business to discover his own particular purchaser.

Before going more closely into the relations between capital and wage-labor, it will be well to give a brief survey of those general relations which are taken into consideration in determining the amount of wages.

As we have seen, *wages* are the price of a certain commodity—labor-power. Wages are thus determined by the same law which regulates the price of any other commodity.

Thereupon the question arises: How is the price of a commodity determined?

By what means is the price of a commodity determined?

By means of competition between buyers and sellers and the relation between supply and demand—offer and desire. And this competition by which the price of an article is fixed is three-fold.

The same commodity is offered in the market by various sellers. Whoever offers the greatest advantage to purchasers is certain to drive the other sellers off the field and secure for himself the greatest sale. The sellers, therefore, fight for the sale and the market among themselves. Every one of

them wants to sell and does his best to sell much, and if possible to become the only seller. Therefore each outbids the other in cheapness, and a *competition* takes place among the sellers which lowers the price of the goods they offer.

But a *competition* also goes on among the purchasers, which on their side raises the price of the goods offered.

Finally competition is going on between buyers and sellers; the one set want to buy as cheap as possible, the other to sell as dear as possible. The result of this competition between buyers and sellers will depend upon the relations of the two previous aspects of the competition; that is, upon whether the competition in the ranks of the buyers or that in those of the sellers is the keener. Business thus leads two opposing armies into the field, and each of them again presents the aspect of a battle in its own ranks among its own soldiers. That army whose troops are least mauled by one another carries off the victory over the opposing host.

Let us suppose that there are a hundred bales of cotton in the market, and at the same time buyers in want of a thousand bales. In this case the demand is greater than the supply. The competition between the buyers will therefore be intense; each of them will do his best to get hold of all the hundred bales of cotton. This example is no arbitrary supposition. In the history of the trade we have experienced periods of failure of the cotton plant, when particular companies of capitalists have endeavored to purchase, not only a hundred bales of

cotton, but the whole stock of cotton in the world. Therefore, in the case supposed, each buyer will try to beat the others out of the field by offering a proportionately higher price for the cotton. The cotton-sellers, perceiving the troops of the hostile host in violent combat with one another, and being perfectly secure as to the sale of all their hundred bales, will take very good care not to begin squabbling among themselves in order to depress the price at the very moment when their adversaries are emulating each other in the process of screwing it higher up. Peace is, therefore, suddenly proclaimed in the army of the sellers. They present a *united* front to the purchasers, and fold their arms in philosophic content; and their claims would be absolutely boundless if it were not that the offers of even the most pressing and eager of the buyers must always have some definite limit.

Thus if the supply of a commodity is not so great as the demand for it, the competition between the buyers is keen, but there is none or hardly any among the sellers. Result: a more or less important rise in the price of goods.

As a rule the converse case is of much more frequent occurrence, producing an opposite result. Large excess of supply over demand; desperate competition among the sellers; dearth of purchasers; forced sale of goods dirt cheap.

But what is the meaning of the rise and fall in prices? What is the meaning of higher price or lower price? A grain of sand is high when examined through a microscope, and a tower is low

when compared with a mountain. And if price is determined by the relation between supply and demand, how is the relation between supply and demand itself determined.

Let us turn to the first worthy citizen we meet. He will not take an instant to consider, but like a second Alexander the Great will cut the metaphysical knot by the help of his multiplication table. "If the production of the goods which I sell," he will tell us, "has cost me £100, and I get £110 by their sale—within the year, you understand—that's what I call a sound, honest, reasonable profit. But if I make £120 or £130 by the sale, that is a higher profit; and if I were to get a good £200, that would be an exceptional, an enormous profit." What is it then that serves our citizen as the *measure* of his profit. The *cost of production* of his goods. If he receives in exchange for them an amount of other goods whose production has cost less, he has lost by his bargain. If he receives an amount whose production has cost more, he has gained. And he reckons the rise and fall of his profit by the number of degrees at which it stands with reference to his zero—the *cost of production*.

We have now seen how the changing proportion between supply and demand produces the rise and fall of prices, making them at one time high, at another low. If through failure in the supply, or exceptional increase in the demand, an important rise in the price of a commodity takes place, then the price of another commodity must have fallen; for, of course, the price of a commodity only expresses in money the proportion in which other commodities can be exchanged with it. For in-

stance, if the price of a yard of silk rises from five to six shillings, the price of silver has fallen in comparison with silk; and in the same way the price of all other commodities which remain at their old prices has fallen if compared with silk. We have to give a larger quantity of them in exchange in order to obtain the same quantity of silk. And what is the result of a rise in the price of a commodity? A mass of capital is thrown into that flourishing branch of business, and this immigration of capital into the province of the privileged business will last until the ordinary level of profits is attained; or rather, until the price of the product sinks below the cost of production, through overproduction.

- Conversely, if the price of a commodity falls below the cost of its production, capital will be withdrawn from the production of this commodity. Except in the case of a branch of industry which has become obsolete, and is therefore doomed to disappear, the result of this flight of capital will be that the production of this commodity, and therefore its supply, will continually dwindle until it corresponds to the demand; and thus its price rises again to the level of the cost of its production; or rather, until the supply has fallen below the demand; that is, until its price has again risen above its cost of production; for *the price of any commodity is always either above or below its cost of production.*

We see, then, how it is that capital is always immigrating and emigrating, from the province of one industry into that of another. High prices bring about an excessive immigration, and low prices, an excessive emigration.

We might show from another point of view how not only the supply, but also the demand, is determined by the cost of production; but this would lead us too far from our present subject.

We have just seen how the fluctuations of supply and demand always reduce the price of a commodity to its cost of production. It is true that *the precise price of a commodity is always either above or below its cost of production; but the rise and fall reciprocally balance each other*, so within a certain period, if the ebb and flow of the business are reckoned up together, commodities are exchanged with one another in accordance with their cost of production; and thus their cost of production determines their price.

The determination of price by cost of production is not to be understood in the sense of the economists. The economists declare that the *average price* of commodities is equal to the cost of production; this, according to them, is a *law*. The anarchical movements in which the rise is compensated by the fall, and the fall by the rise, they ascribe to chance. With just as good a right, we might consider, like some other economists, the fluctuations as the law, and ascribe the fixing of price by cost of production to chance. But if we look closely, we see that it is precisely these fluctuations, although they bring the most terrible desolation in their train, and shake the fabric of bourgeois society like earthquakes, it is precisely the fluctuations which in their course determine price by cost of production. In the totality of this disorderly movement is to be found its order. Though about these

alternating movements in the course of this industrial anarchy, competition, as it were, cancels one excess by means of another.

We gather, therefore, that the price of a commodity is determined by its cost of production, in such manner that the periods in which the price of this commodity rises above its cost of production, are compensated by the periods in which it sinks below this cost, and conversely. Of course this does not hold good for one single particular product of an industry, but only for that entire branch of industry. So also it does not hold good for a particular manufacturer, but only for the entire industrial class.

The determination of price by cost of production is the same thing as its determination by the duration of the labor which is required for the manufacture of a commodity; for cost of production may be divided into (1) raw material and implements, that is, products of industry whose manufacture has cost a certain number of days' work, and which therefore represent a certain amount of work-time and (2) actual labor, which is measured by its duration.

Now, the same general laws, which universally regulate the price of commodities, regulate, of course, *wages, the price of labor.*

Wages will rise and fall in accordance with the proportion between demand and supply, that is, in accordance with the conditions of the competition between capitalists as buyers and laborers as sellers of labor. The fluctuations of wages correspond in

general with the fluctuations in the price of commodities. *Within these fluctuations the price of labor is regulated by its cost of production, that is, by the duration of labor which is required in order to produce this commodity, labor-power.*

Now what is the cost of production of labor-power?

It is the cost required for the production of a laborer and for his maintenance as a laborer.

The shorter the time requisite for instruction in any labor, the less is the laborer's cost of production, and the lower are his wages, the price of his work. In those branches of industry which scarcely require any period of apprenticeship, and where the mere bodily existence of the laborer is sufficient, the requisite cost of his production and maintenance are almost limited to the cost of the commodities which are requisite to keep him alive and fit for work. *The price of his labor is therefore determined by the price of the bare necessities of his existence.*

Here, however, another consideration comes in. The manufacturer, who reckons up his expenses of production and determines accordingly the price of the product, takes into account the wear and tear of the machinery. If a machine costs him £100 and wears itself out in ten years, he adds £10 a year to the price of his goods, in order to replace the worn-out machine by a new one when the ten years are up. In the same way we must reckon in the cost of production of simple labor the cost of its propagation; so that the race of laborers may be

put in a position to multiply and to replace the worn out workers by new ones. Thus the wear and tear of the laborer must be taken into account just as much as the wear and tear of the machine.

The cost of production of simple labor amounts then to *the cost of the laborer's subsistence and propagation*, and the price of this cost determines his wages. When we speak of wages we mean *the minimum of wages*. This minimum of wages holds good, just as does the determination by the cost of production of the price of commodities in general, not for *the particular individual*, but for the *species*. Individual laborers, indeed millions of them, do not receive enough to enable them to subsist and propagate; but the *wages of the working class* with all their fluctuations are nicely adjusted to this minimum.

Now that we are grounded on these general laws which govern wages just as much as the price of any other commodity, we can examine our subject more exactly.

"Capital consists of raw material, implements of labor, and all kinds of means of subsistence, which are used for the production of new implements and new means of subsistence. All these factors of capital are created by labor, are products of labor, are stored-up labor. Stored-up labor which serves as the means of new production is capital."

So say the economists.

What is a negro slave? A human creature of the black race. The one definition is just as valuable as the other.

A negro is a negro. In certain conditions he is transformed into a slave. A spinning-jenny is a machine for spinning cotton. Only under certain circumstances does it become capital. Outside these circumstances it is no more capital than gold is intrinsically money, or sugar is the price of sugar. In the work of production men do not stand in relation to nature alone, but also to each other. They only produce when they work together in a certain way and mutually enter upon certain relations and conditions, and it is only within these relations and conditions that their relation to nature is defined, and production becomes possible.

These social relations upon which the producers mutually enter, the terms upon which they exchange their energies and take their share in the collective act of production, will of course differ according to the character of the means of production. With the invention of firearms as implements of warfare the whole organization of the army was of necessity altered; and with the alteration in the relations through which individuals form an army, and are enabled to work together as an army, there was a simultaneous alteration in the relations of armies to one another.

Thus with an alteration and development of the material means of production, i.e., the powers of production, there will also take place a transformation of the social relations within which individuals produce, that is, of the social relations of production. The relations of production collectively form those relations which we call a society, and a society with definite degrees of historical development, a society

with an appropriate and distinctive character. *Ancient* society, *feudal* society, *bourgeois* society, are instances of these sums-total of the relations of production, each of which also marks out an important step in the historical development of mankind.

Now *capital* also is a social relation of production. It is a bourgeois relation of production, a condition of the production of a bourgeois society. Are not the means of subsistence, the implements of labor, and the raw material, of which capital consists, the results of definite social relations; were they not produced and stored up under certain social conditions? Will they not be used for further production under certain social conditions within definite social relations? And is it not just this definite social character that transforms into *capital* that product which serves for further production?

Capital does not consist of means of subsistence, implements of labor, and raw material alone, nor only of material products; it consists just as much of *exchange-values*. All the products of which it consists are commodities. Thus capital is not merely the sum of material products; it is a sum of commodities, of exchange values, of *social quantities*.

Capital remains unchanged if we substitute cotton for wool, rice for corn, and steamers for railways; provided only that the cotton, the rice, the steamers—the bodily form of capital—have the same exchange value, the same price, as the wool, the corn, the railways, in which it formerly embodied itself. The bodily form of capital may change continually,

while the capital itself undergoes not the slightest alteration.

But though all capital is a sum of commodities, that is, of exchange-values, not every sum of commodities, of exchange-values, is capital.

Every sum of exchange-values is an exchange value. For instance, a house worth a thousand pounds in an exchange-value of a thousand pounds. A penny-worth of paper is the sum of the exchange-values of a hundred-hundredths of a penny. Products which may be mutually exchanged are *commodities*. The definite proportion in which they are exchangeable forms their *exchange value*, or expressed in money, their *price*. The amount of these products can do nothing to alter their definition as being *commodities*, or as representing an *exchange value*, or as having a certain price. Whether a tree be large or small, it remains a tree. Whether we exchange iron for other wares in ounces or in hundredweights, that makes no difference in its character as a commodity possessing exchange-value. According to its amount it is a commodity of more or less value, with a higher or lower price.

How, then, can a sum of commodities, of exchange-values, become capital?

By maintaining and multiplying itself as an independent social power, that is, as the power of a portion of society, by means of its exchange for direct, living labor-power. Capital necessarily presupposes the existence of a class which possesses nothing but labor force.

It is the lordship of past, stored-up, realized labor

over actual, living labor that transforms the stored-up labor into capital.

Capital does not consist in the fact that stored up labor is used by living labor as a means to further production. It consists in the fact that living labor serves as the means whereby stored-up labor may maintain and multiply its own exchange-value.

What is it that takes place in the exchange between capital and wage-labor?

The laborer receives in exchange for his labor-power the means of subsistence; but the capitalist receives in exchange for the means of subsistence—labor, the productive energy of the laborer, the creative force whereby the laborer not only replaces what he consumes, but also *gives to the stored-up labor a greater value than it had before*. The laborer receives from the capitalist a share of the previously-provided means of subsistence. To what use does he put these means of subsistence? He uses them for immediate consumption. But as soon as I consume my means of subsistence, they disappear and are irrecoverably lost to me: it therefore becomes necessary that I should employ the time during which these means keep me alive in order to produce new means of subsistence, so that during their consumption I may provide by my labor new value in the place of that which disappears. But it is just this noble reproductive power which the laborer has to bargain away to capital in exchange for the means of subsistence which he receives. To him, therefore, it is entirely lost.

Let us take an example. A farmer gives his

day-laborer two shillings a day. For this two shillings the latter works throughout the day on the farmer's field, and so secures him a return of four shillings. The farmer does not merely receive back the value which he had advanced to the day laborer; he doubles it. He has spent or consumed the two shillings which he gave to the day-laborer in a fruitful and productive fashion. He has bought for two shillings just that labor and force of the day-laborer which provides fruits of the earth of twice the value, and turns two shillings into four. The day-laborer, on the other hand, receives in place of his productive force, whose effects he has just bargained away to the farmer, two shillings; and these he exchanges for means of subsistence; which means of subsistence he proceeds with more or less speed to consume. The two shillings have thus been consumed in double fashion; productively for capital, since they have been exchanged for the labor force which produced the four shillings; unproductively for the laborer, since they have been exchanged for means of subsistence which have disappeared forever, and whose value he can only recover by repeating the same bargain with the farmer. *Thus capital presupposes wage-labor and wage-labor presupposes capital; one is a necessary condition to the existence of the other; they mutually call each other into existence.*

Does an operator in a cotton factory produce merely cotton goods? No, he produces capital. He produces values which give fresh command over his labor and which, by means of such command, create fresh value.

Capital can only increase when it is exchanged for labor—when it calls wage-labor into existence. Wage-labor can only be exchanged for capital by augmenting capital and strengthening the power whose slave it is. *An increase of capital is therefore an increase of the proletariat, that is, of the laboring class.*

The interests of the capitalists and the laborer are therefore identical, assert the bourgeoisie and their economists. And, in fact, so they are! The laborer perishes if capital does not employ him. Capital perishes if it does not exploit labor, and in order to exploit it, it must buy it. The faster the capital devoted to production — the productive capital—increases, and the more successfully the industry is carried on, the richer do the bourgeoisie become, the better does business go, the more laborers does the capitalist require, and the dearer does the laborer sell himself.

Thus the indispensable condition of the laborer's securing a tolerable position is the *speediest possible growth of productive capital.*

But what is the meaning of the increase of productive capital? The increase of the power of stored-up labor over living labor. The increase of the dominion of the bourgeoisie over the laboring class. As fast as wage-labor creates its own antagonist and its own master in the dominating power of capital, the means of employment, that is, of subsistence, flow back to it from its antagonist; but only on condition that it convert itself anew into a portion of capital and thus becomes the

lever whereby the increase of capital may be again hugely accelerated.

Thus the statement that the interests of capital and labor are identical comes to mean merely this: capital and wage-labor are the two sides of one and the same relation. The one conditions the other, just in the same way that the usurer and the borrower condition each other mutually.

So long as the wage-laborer remains a wage-laborer, his lot in life is dependent upon capital. That is the exact meaning of the famous community of interests between capital and labor.

The increase of capital is attended by an increase in the amount of wage-labor and in the number of wage-laborers; or, in other words, the dominion of capital is spread over a larger number of individuals. And, to assume even the most favorable case, with the increase of productive capital there is an increase in the demand for labor. And thus wages, the price of labor, will rise.

A house may be large or small, but as long as the surrounding houses are equally small, it satisfies all social requirements of a dwelling place. But let a palace arise by the side of this small house, and it shrinks from a house into a hut. The smallness of the house now indicates that its occupant is permitted to have either very few claims or none at all; and however high it may shoot up with the progress of civilization, if the neighboring palace shoots up also in the same or in greater proportion, the occupant of the comparatively small house will always find himself more uncom-

UNIVERSITY OF CALIFORNIA LIBRARY

fortable, more discontented, more confined within his four walls.

A notable advance in the amount paid as wages presupposes a rapid increase of productive capital. The rapid increase of productive capital calls forth just as rapid an increase in wealth, luxury, social wants, and social comforts. Therefore, although the comforts of the laborer have risen, the social satisfaction which they give has fallen in comparison with these augmented comforts of the capitalist, which are unattainable for the laborer, and in comparison with the scale of general development society has reached. Our wants and their satisfaction have their origin in society; we therefore measure them in their relation to society, and not in relation to the objects which satisfy them. Since their nature is social, it is therefore relative.

As a matter of fact, wages are determined not merely by the amount of commodities for which they may be exchanged. They depend upon various relations.

What the laborer receives, in the first place, for his labor is a certain sum of money. Are wages determined merely by this money price?

In the sixteenth century the gold and silver in circulation in Europe was augmented in consequence of the discovery in America of mines which were relatively rich and could easily be worked. The value of gold and silver fell, therefore, in proportion to other commodities. The laborers received for their labor the same amount of silver coin as before. The money price of their labor remained the same, and yet their wages had fallen, for in exchange for the same sum of silver

they obtained a smaller quantity of other commodities. This was one of the circumstances which furthered the increase of capital and the rise of the bourgeoisie in the sixteenth century.

Let us take another case. In the winter of 1847, in consequence of a failure of the crops, there was a notable increase in the price of the indispensable means of subsistence, as corn, meat, butter, cheese, and so on. We will suppose that the laborers still received the same sum of money for their labor-power as before. Had not their wages fallen then? Of course they had. For the same amount of money they received in exchange less bread, meat, etc.; and their wages had fallen, not because the value of silver had diminished, but because the value of the means of subsistence had increased.

Let us finally suppose that the money price of labor remains the same, while in consequence of the employment of new machinery, or on account of a good season, or for some similar reason, there is a fall in the price of all agricultural and manufactured goods. For the same amount of money the laborers can now buy more commodities of all kinds. Their wages have therefore risen, just because their money-value has not changed.

The money price of labor, the nominal amount of wages, does not therefore coincide with the real wages, that is, with the amount of commodities that may practically be obtained in exchange for the wages. Thus, if we speak of the rise and fall of wages, the money price of labor, or the nominal wage, is not the only thing which we must keep in view.

But neither the nominal wages, that is, the amount of money for which the laborer sells himself to the employer, nor yet the real wages, that is, the amount of commodities which he can buy for this money, exhaust the relations which are comprehended in the term wages.

But wages are above all determined by their relation to the gain or profit of the capitalist. It is in this connection that we speak of *relative* wages.

The real wage expresses the price of labor in relation to the price of other commodities; the relative wage, on the contrary, expresses the proportionate share which living labor gets of the new values created by it as compared to that, which is appropriated by stored-up labor-capital. We said above, on page 10: "Wages are not the worker's share of the commodities, which he has produced. Wages are the share of commodities previously produced with which the employer purchases a certain amount of productive labor-power." But the amount of these wages the capitalist has to take out from the price which he realizes for the product created by the workman, and as a rule, there remains yet for him a profit that is an excess over and above the cost of production, advanced by him. For the capitalist, then, the selling price of the commodity, produced by the workman, becomes divided into three parts; *the 1st*, to make up for the price of the advanced raw material and also for the wear and tear of the tools, machinery and other instruments of labor also advanced by him; *the 2nd*, to make up for the wages advanced

by him; *the 3rd*, the excess over and above these two parts, constitutes the profit of the capitalist. Whereas the first part merely replaces values which had a *previous existence*, that part which goes to replace wages, as well as the excess which constitutes profits, are, as a rule, clearly taken out of *the new value created by the labor of the workman*, and added to the raw material. And in *this sense*, we may regard both wages and profits, for the sake of comparison, as shares of the product of the workman.

Real wages may remain the same, or they may even rise, and yet the relative wages may none the less have fallen. Let us assume, for example, that the price of all the means of subsistence has fallen by two-thirds, while a day's wages have only fallen one-third, as for instance, from three shillings to two. Although the laborer has a larger amount of commodities at his disposal for two shillings than he had before for three, yet his wages are nevertheless diminished in proportion to the capitalist's gain. The capitalist's profit—the manufacturer's, for instance—has been augmented by a shilling, since for the smaller sum of exchange-value which he pays to the laborer, the laborer has to produce a larger sum of exchange-value than he did before. The share of capital is raised in proportion to the share of labor. The division of social wealth between capital and labor has become more disproportionate. The capitalist commands a larger amount of labor with the same amount of capital. The power of the capitalist class over the laboring class is increased; the social position of the laborer has deteriorated, and is de-

pressed another degree below that of the capitalist.

What, then, is the general law which determines the rise and fall of wages and profit in their reciprocal relation?

They stand in inverse proportion to one another. The share of capital, profit, rises in the same proportion in which the share of labor, wages, sinks; and inversely. The rise of profit is exactly measured by the fall in wages and the fall in profit by the rise in wages.

The objection may perhaps be made that the capitalist may have gained a profit by advantageous exchange of his products with other capitalists, or by a rise in the demand for his goods, whether in consequence of the opening of new markets, or of a greater demand in the old markets; that the profit of the capitalist may thus increase by means of over-reaching another capitalist, independently of the rise and fall of wages and the exchange-value of labor-power, or that the profit of the capitalist may also rise through an improvement in the implements of labor, a new application of natural forces, and so on.

But it must nevertheless be admitted that the result remains the same, although it is brought about in a different way. To be sure profits have not risen for the reason that wages have fallen, but wages have fallen all the same for the reason that profits have risen. The capitalist has acquired a larger amount of exchange-value with the same amount of labor, without having had to pay a higher price for the labor on that account; that is to say a lower price has been paid for the labor

John Walter,
82 Fairview Ave.
Kitchener, Ont. 33

WAGE-LABOR AND CAPITAL

in proportion to the net profit which it yields to the capitalist.

Besides, we must remember that in spite of the fluctuations in the price of commodities, the average price of each commodity—the proportion in which it exchanges for other commodities—is determined by its *cost of production*. The over-reaching and tricks that go on within the capitalist class therefore necessarily cancel one another. Improvements in machinery and new applications of natural forces to the service of production enable them to turn out in a given time with the same amount of labor and capital a larger quantity of exchange-values. If, by the application of the spinning-jenny, I can turn out twice as much thread in an hour as I could before its invention, for instance, a hundred pounds instead of fifty, then the consequence, in the long run, will be that I will receive in exchange for them no more commodities than before for fifty, because the cost of production has been halved, or because at the same cost I can turn out double the amount of products.

Finally, in whatever proportion the capitalist class—the bourgeoisie—whether of one country or of the world's market—share among themselves the net profits of production, the total amount of these net profits always consists merely of the amount by which, taking all in all, stored-up labor has been increased by means of living labor. This sum total increases, therefore, in the proportion in which labor augments capital; that is, in the proportion in which profit rises as compared with wages.

Thus we see that, even if we confine ourselves to

the relation between capital and wage-labor, the interests of capital are in direct antagonism to the interests of wage-labor.

A rapid increase of capital is equal to a rapid increase of profits. Profits can only make a rapid increase if the exchange-value of labor—the relative wage—makes an equally rapid decline.

Relative wages may decline, although the real wages rise together with nominal wages, or the money price of labor; if only it does not rise in the same proportion as profit. For instance, if when trade is good, wages rise five per cent., and profits on the other hand thirty per cent., then the proportional or relative wage has not *increased but declined*.

Thus if the receipts of the laborer increase with the rapid growth of capital, yet at the same time there is a widening of the social gulf which separates the laborer from the capitalist, and also an increase in the power of capital over labor and in the dependence of labor upon capital.

The meaning of the statement that the laborer has an interest in the rapid increase of capital is merely this; the faster the laborer increases his master's dominion, the richer will be the crumbs that he will get from his table; and the greater the number of laborers that can be employed and called into existence, the greater will be the number of slaves dependent upon capital.

We have thus seen that even *the most fortunate situation* for the working class, *the speediest possible increase of capital*, however much it may im-

prove the material condition of the laborer, cannot abolish the opposition between his interests and those of the bourgeois or capitalist class. *Profit and wages* remain just as much as ever in *inverse proportion*.

When capital is increasing fast, wages may rise, but the profit of capital will rise much faster. The material position of the laborer has improved, but it is at the expense of his social position. The social gulf which separates him from the capitalist has widened.

Finally, the meaning of the most favorable condition of wage-labor, that is, the quickest possible increase of productive capital, is merely this: The faster the working classes enlarge and extend the hostile power that dominates over them the better will be the conditions under which they will be allowed to labor for the further increase of bourgeois wealth and for the wider extension of the power of capital, and thus contentedly to forge for themselves the golden chains by which the bourgeoisie drags them in its train.

But are the increase of productive capital and the rise of wages so indissolubly connected as the bourgeois economists assert? We can hardly believe that the fatter capital becomes the more will its slave be pampered. The bourgeoisie is too enlightened, and keeps its accounts much too carefully, to care for that privilege of the feudal nobility, the ostentation of splendor among its retinue. The very conditions of bourgeois existence compel it to keep careful accounts.

We must therefore inquire more closely into the

effect which the increase of productive capital has upon wages.

With the general increase of the productive capital of a bourgeois society a more manifold accumulation of labor takes place. The capitalists increase in number and size. The increase in the amount of capital increases the competition among capitalists. The increased size of individual capital gives the means of leading into the industrial battlefield mightier armies of laborers furnished with more gigantic implements of war.

The one capitalist can only succeed in driving the other off the field and taking possession of his capital by selling his wares at a cheaper rate. In order to sell more cheaply without ruining himself he must produce more cheaply, that is, he must increase as much as possible the productiveness of labor. But the most effective way of making labor more productive is by means of a more complete division of labor, by the more extended use and continual improvement of machinery. The larger the army of workmen, among whom the labor is divided, and the more gigantic the scale on which machinery is introduced, the more does the relative cost of production decline, and the more fruitful is the labor. Thus arises a universal rivalry among capitalists with the object of increasing the division of labor and machinery, and keeping up the utmost possible progressive rate of exploitation.

Now, if by means of a greater subdivision of labor, by the employment and improvement of new machines, or by the more skilful and profitable use of the forces of nature, a capitalist has discovered

the means of producing a larger amount of commodities than his competitors with the same amount of labor, whether it be stored-up labor or direct—if he can, for instance, spin a complete yard of cotton in the time which it takes his competitors to spin half a yard—how will this capitalist proceed to act?

He might go on selling half a yard at its former market price; but that would not have the effect of driving his opponents out of the field and increasing his own sale. But the need of increasing his sale has increased in the same proportion as his production. The more effective and more expensive means of production which he has called into existence enable him, to be sure, to sell his wares cheaper, but they also compel him to sell more wares and to secure a much larger market for them. Our capitalist will therefore be forced to sell his half a yard of cotton cheaper than his competitors.

The capitalist will not, however, sell his complete yard as cheaply as his competitors sell the half, although its entire production does not cost him more than the production of half costs the others. For in this case he would gain nothing, but would only get back the cost of its production. The contingent increase in his receipts would result from his having set in motion a larger capital, but not from having made his capital more profitable than that of the others. Besides, he gains the ends he is aiming at if he prices his goods only a slight percentage lower than his competitors. He drives them off the field, and wrests from them, at any rate, a portion of their sale, if only he *undersells* them. And, finally, we must remember that the

price current always stands *either above or below the cost of production*, according as the sale of a commodity is transacted at a favorable or unfavorable period of business. According as the market price of a yard of cloth is above or below its former cost of production, the percentage will vary by which the capitalist, who has employed the new and more productive means of production, sells above his actual cost of production.

But our capitalist does not find his *privilege* very lasting. Other rival capitalists introduce, with more or less rapidity, the same machines and the same division of labor on the same or even more extended scale; and this introduction becomes general, until the price of the yard of cloth is reduced, not only below *its old*, but below its *new cost of production*.

Thus the capitalists find themselves relatively in the same position in which they stood before the introduction of the *new* means of production; and if they are by these means enabled to offer twice the amount of products for the same price, they now find themselves compelled to offer double the amount for less than the old price. Starting from the new scale of production the old game begins anew. There is greater subdivision of labor, more machinery, and more rapid progress in the exploitation of both. Whereupon competition brings about the same reaction against this result.

Thus we see how the mode and means of production are continually transformed and revolutionized, *and how the division of labor necessarily brings in its train a greater division of labor; the*

introduction of machinery a still larger introduction; and production on a large scale—production on a larger scale.

This is the law which continually drives bourgeois production out of its old track, and compels capital to intensify the productive powers of labor for the very reason that it has already intensified them—the law that allows it no rest, but for ever whispers in its ear the words “Quick march!”

This is no other law than that which, cancelling the periodical fluctuations of business, necessarily identifies the price of a commodity with its cost of production.

However powerful the means of production which a particular capitalist may bring into the field, competition will make their adoption general; and the moment it becomes general the sole result of the greater fruitfulness of his capital is that he must now, *for the same price*, offer ten, twenty, a hundred times as much as before. But as he must dispose of, perhaps, a thousand times as much in order to outweigh the decrease in the selling price by the larger amount of the products sold, since a larger sale has now become necessary, not only to gain a larger profit, but also to replace the cost of production,—and the implements of production, as we have seen, always get more expensive,—and since this larger sale has become a vital question, not only for him, but also for his rivals, the old strife continues, *with all the greater violence, the more fruitful the previously discovered means of production are. Thus the subdivision of labor and the employment of new machinery take a fresh start, and proceed with still greater rapidity.*

And thus, whatever the power of the means of production employed, competition does its best to rob capital of the golden fruit which it produces, by reducing the price of commodities to their cost of production,—and, as fast as their production is cheapened, compelling, as if by a despotic law, a continually larger supply of cheaper products to be offered at lower prices. Thus the capitalist will have nothing for his exertions beyond the obligation to produce during the same time an amount larger than before, and an enhancement of the difficulty of employing his capital to advantage. While competition continually persecutes him with its law of the cost of production, and turns against himself every weapon which he forges against his rivals, the capitalist continually tries to cheat competition by incessantly introducing further subdivision of labor and replacing the old machines by new ones, which, though more expensive, produce more cheaply, instead of waiting till competition has rendered them obsolete.

Let us now look at this feverish agitation as it affects the markets of the whole world, and we shall understand how the increase, accumulation, and concentration of capital bring in their train an uninterrupted and extreme subdivision of labor, always advancing with gigantic strides of progress, and a continual employment of new machinery, together with improvements of the old.

But how do these circumstances, inseparable as they are from the increase of productive capital, affect the determination of the amount of wages?

The greater division of labor enables one laborer

John Walter,
22 Fairview Ave.,
Kitchener, Ont.

WAGE-LABOR AND CAPITAL

41

to do the work of five, ten, twenty; it therefore multiplies the competition among laborers, five, ten, or twenty times. The laborers do not only compete when one sells himself cheaper than another, they also compete when *one* does the work of five, ten, or twenty; and the *division of labor* which capital introduces and *continually increases*, compels the laborers to enter into this kind of competition with one another.

Further in the same proportion in which the *division of labor* is increased the labor itself is *simplified*. The special skill of the laborer becomes worthless. It is changed into a monotonous and uniform power production, which gives play neither to bodily nor to intellectual elasticity. His labor becomes accessible to everybody. Competitors, therefore, crowd around him from all sides; and besides, we must remember that the more simple and easily learnt the labor is, and the less it costs a man to make himself master of it, so much the lower must its wages sink, since they are determined, like the price of every other commodity, by its cost of production.

Therefore, *exactly as the labor becomes more unsatisfactory and unpleasant, in that very proportion competition increases and wages decline*. The laborer does his best to maintain the rate of wages by performing more labor, whether by working for a greater number of hours, or by working harder in the same time. Thus, driven by necessity, he himself increases the evil consequences of the subdivision of labor. So the result is this: *the more he labors the less reward he receives for it; and that*

for the simple reason—that he competes against his fellow workmen, and thus compels them to compete against him, and to offer their labor on as wretched conditions as he does; and that he thus, in the last result, competes against himself as a member of the working class.

Machinery has the same effect, but on a much larger scale. It supplants skilled laborers by unskilled, men by women, adults by children; where it is newly introduced it throws the hand-laborers upon the streets in crowds; and where it is perfected, improved or replaced by more powerful machines, discards them in slightly smaller numbers. We have sketched above, in hasty outlines, the industrial war of capitalists with one another; and the war has this peculiarity, that its battles are won less by means of enlisting than of discharging its industrial recruits. *The generals, or capitalists, vie with one another as to who can dispense with the greatest number of his soldiers.*

The economists repeatedly assure us that the laborers who are rendered superfluous by the machine find *new* branches of employment.

They have not the hardihood directly to assert that the laborers who are discharged enter upon the new branches of labor. The facts cry out too loud against such a lie as this. They only declare that, for other divisions of the laboring class, as, for instance, for the rising generation of laborers who were just ready to enter upon the defunct branch of industry, new means of employment will open up. Of course that is a great satisfaction for the dismissed laborers. The worshipful capitalists will

not find their fresh supply of exploitable flesh and blood running short and will let the dead bury their dead. This is indeed a consolation with which the bourgeois comfort *themselves* rather than the laborers. If the whole class of wage-laborers were annihilated by the machines, how shocking that would be for capital, which, without wage-labor, ceases to act as capital at all.

But let us suppose that those who are directly driven out of their employment by machinery, and also all those of the rising generation who were expecting employment in the same line, find some *new employment*. Does anyone imagine that this will be as highly paid as that which they have lost? Such an idea would be *in direct contradiction to all the laws of economy*. We have already seen that the modern form of industry always tends to the displacement of the more complex and the higher kinds of employment by those which are more simple and subordinate.

How, then, could a crowd of laborers, who are thrown out of one branch of industry by machinery, find refuge in another without having to content themselves with a *lower position and worse pay*?

The laborers who are employed in the manufacture of machinery itself have been instanced as an exception. As soon as more machinery is demanded and used in industry it is said that there must necessarily be an increase in the number of machines, therefore in the manufacture of machines, and therefore also in the employment of laborers in this manufacture; and the laborers who are employed in this branch of industry will be skilled, and, indeed, even educated laborers.

Ever since the year 1840 this contention, which even before that time was only half true, has lost all its specious color. For the machines which are employed in the manufacture of machinery have been quite as numerous as those used in the manufacture of cotton; and the laborers who are employed in producing machines in the face of the extraneously artful machinery used in this industry, have at best been able to play the part of highly artless machines.

But in the place of the man who has been discharged by the machine perhaps *three* children and *one* woman are employed to work it. And was it not necessary before that the man's wages should suffice for the support of his wife and children? Was not the minimum of wages necessarily sufficient for the maintenance and propagation of the race of laborers? What else does then the pet bourgeois argument prove, but that now the lives of four times as many laborers as before are used up in order to secure the support of one laborer's family.

To sum up: *the faster productive capital increases the more does the division of labor and the employment of machinery extend. The more the division of labor and the employment of machinery extend, so much the more does competition increase among the laborers, and so much the more do their average wages dwindle.*

And, besides, the laboring class is recruited from the *higher strata of society*, as there falls headlong into it a crowd of small manufacturers and small proprietors, who thenceforth have nothing better

to do than to stretch out their arms by the side of those of the laborers. And thus the forest of arms outstretched by those who are entreating for work becomes ever denser and the arms themselves grow ever leaner.

That the small manufacturer cannot survive in a contest whose first condition is production on a continually increasing scale—that is, for which the first prerequisite is to be a large and not a small manufacturer—is self-evident.

That the interest on capital declines in the same proportion as the amount of capital increases and extends, and that therefore the small capitalist can no longer live on his interest, but must join the ranks of the workers and increase the number of the proletariat—all this requires no further exemplification.

Finally, in the proportion in which the capitalists are compelled by the causes here sketched to exploit on an ever increasing scale yet more gigantic means of production, and with that object to set in motion all the mainsprings of credit, in the same proportion is there an increase of those earthquakes during which the business world can only secure its own existence by the sacrifice of a portion of its wealth, its products, and even its powers of production to the gods of Hades—in a word, in the same proportion do crises increase. They become at once more frequent and more violent; because in the same proportion in which the amount of production, and therefore the demand for the extension of the market, increases, the market of the world

continually contracts, and ever fewer markets remain to be exploited; since every previous crisis has added to the commerce of the world a market which was not known before, or had before been only superficially exploited by commerce. But capital not only *lives* upon labor? Like a lord, at once distinguished and barbarous, it drags with it to the grave the corpses of its slaves and whole hecatombs of laborers who perish during crises. Thus we see that if *capital increases fast, competition among the laborers increases still faster, that is, the means of employment and subsistence decline in proportion at a still more rapid rate; and yet, none the less, the most favorable condition for wage labor lies in the speedy increase of capital.*

APPENDIX.

The foregoing pages appeared first in the shape of leading articles in the columns of the New Rhenish Gazette, beginning April 4, 1849. They were based on lectures given by Marx in the year 1847, before the German Workingmen's Club at Brussels. The series of articles begun remained however a fragment only. The promise "to be continued" (held out in the No. 269 at the end of the article) was never to be realized owing to the rush of events during those days: The invasion of the Russians into Hungary, the risings at Dresden, Iserlohn, Elberfeld, in the Palatinate and Baden, which brought about the suppression of the Gazette itself (May 19, 1849). Among the papers left by Marx has not been found any manuscript containing the continuation of the article in question.

A few editions of "Wage-Labor and Capital" have already appeared in pamphlet form, the last in Zurich, Switzerland, in 1884. All these editions were exact reprints of the original articles. But as this new edition, to be used for the purpose of agitation, is to be made up of no less than 10,000 copies, the question had to present itself to my mind, whether Marx himself would under these circumstances have approved a mere reproduction of the original text.

As a matter of fact, during the 40's Marx had not yet completed his critical study of Political

Economy. He did this only about the end of the 50's. Thus all his writings, which have appeared before the publication of the first part of his "Critique of Political Economy" (1859) differ in some points from those published after 1859; contain expressions and even entire sentences, which from the point of view of his later writing, appear rather ambiguous and even untrue.

Now, it goes without saying, that in common editions for the general reading public, even such older ideas, which constitute, so to say, the logical stepping stones to the final stage of the author's mental evolution, may find a legitimate place; that in the case of such editions, the author as well as the public has an undisputed right to demand an unchanged reprint of such older writings, and for such an emergency it would never have entered my mind to charge even a single word of the original text.

But it is quite a different thing in case the new edition is destined primarily and almost exclusively for agitation among workingmen. In such a case Marx would have undoubtedly brought into accord the older exposition, dating back to the year 1849, with his later, more mature ideas. And I am sure to act in his spirit by making *for the present edition* those slight changes and additions which are required to attain the stated purpose in all principal points. I may then tell the reader beforehand: This is the pamphlet, not as Marx wrote it in the year 1849, but such a one, or nearly such a one, as Marx might have written in the year 1891. Moreover, the original text can be found in quite a number of old

copies, and this will do for the time being, until I have occasion to embody it as part of a complete collection of Marx's writings.

The changes I have made turn all about one point. According to the original text, the workingman sells *his labor* to the capitalist for a certain wage; according to the new text what he sells is his *labor-power*. It is concerning this change that I owe some explanation: First of all to the workingmen, so that they may see that what we are concerned with is not at all mere nicety of verbiage, but one of the most important problems of Political Economy,—and then also to the bourgeois (middle-class people), so that they may convince themselves how much superior the uneducated workingmen are to the conceited “educated class” of society; for while to the former the closest and most difficult reasoning can be easily made intelligible, to the latter such intricate questions remain a riddle during all their life.

Classical Political Economy accepted from industrial practice the traditional conception of the manufacturer buying and paying for *the labor* of his workingmen. This conception had proved quite sufficient for business purposes, those of book-keeping and price-calculation. But transplanted naively into Political Economy, it caused there all kinds of strange errors and vagaries.

Political Economy is confronted with the fact that the prices of all commodities, among them also the price of that which is called “*labor*,” are constantly changing, rising and falling by reason of the

most various circumstances, which frequently have no connection whatever with the production of the commodity itself, so that, as a rule, prices seem to be determined by mere accident. As soon then as Political Economy assumed a scientific character, it became one of its first tasks, to seek the Law hiding behind accident, which was apparently ruling the prices of commodities, but truly was ruled in its turn by this law. Within these oscillations, *i.e.*, the up-and-downward movements of prices, the new science began to seek the firm central point around which these oscillations occur. In a word, starting from the *prices* of commodities, Economics began to seek for their regulating law, *viz.*: The *value* of commodities, by which the price-oscillations might be explained, to which they might ultimately be reduced.

Classical Political Economy found then, that the value of a commodity is determined by the labor which is embodied in it, in other words, which is required for its production. It rested satisfied with this explanation, which even we may accept for our proximate purposes. (To ward off misunderstandings, however, I should remind the reader, that this explanation has now become altogether insufficient.) Marx was the first to analyze in a thorough manner the peculiar property of labor to create new value, and he found that not all labor, which was seemingly or actually necessary for the production of a commodity, was really under all circumstances adding an amount of value corresponding to the amount of labor expended. If we then follow economists, as Ricardo, in saying plainly, that the value of a commodity is determined by

the labor necessary for its production, we are constantly bearing in mind the reservations made by Marx. So much then *here* for purposes of explanation. For further particulars I refer the reader either to Marx' "Critique of Political Economy" (1859), or to the first volume of his "Capital."

But no sooner did the economists apply the new conception of value, as determined by labor, to the commodity "labor" itself, than they began to fall from one contradiction into another. How is the value of "labor" determined? Answer; By the necessary "labor" embodied in it. But how much labor is there in the labor of a workingman during a period of one day, week, month or year? Of course, one day's, one week's, one month's, one year's labor. For, if labor is the measure of *all* values, we can express the "value of labor" only in terms of labor. Needless to say that we know absolutely nothing about the value of one hour's labor, if we know only that it equals one hour's labor. We have not come a hair's breadth nearer the solution of the problem; we are merely turning hopelessly in a vicious circle.

Classical Political Economy thus had to attempt another method to solve the problem. It asserted that the value of a commodity equals its cost of production. Now then, what is the cost of production of labor? In order to answer this question economists had to strain logic quite a little. Instead of seeking the cost of production of *labor* itself (which, as a matter of fact, can never be found) they investigate what is the cost of production of the *laborer*, and this can be found, sure enough. This cost varies

according to time and circumstances, but given a certain condition of society, a certain locality, a certain branch of production, this cost is also given, at least within narrow limits. We live at present under the rule of capitalist production, under which a large and steadily increasing class of the population can live only by working for wages for the owners of the means of production—the tools, the machines, the raw materials and the means of subsistence. Given such a mode of production the cost of the laborer is made up of that sum-total of means of subsistence—or their price in terms of money—which is normally required to make and keep him fit to work, and replace him, in case of old age, disease or death by a new laborer, in a word, the sum required for the propagation of the working class in its required strength.

Suppose for argument's sake the average money-price of the means of subsistence to be two dollars a day. Our workman will then receive from his capitalist-employer a daily wage of two dollars. For this the capitalist makes him work, say 12 hours a day, and he calculates in about the following manner:—

Suppose the workman, say an engineer, has to manufacture a piece of machinery, which he completes in one day. The raw material — iron and brass in the shape required—to cost 5 dollars. The consumption of coal by the steam engine, the wear and tear of this engine, that of the lathe and other instruments, used by our workman, calculated per day and head — to represent one more dollar. The daily wage we have assumed to be two dollars. The total cost then of the piece of machinery would

be 8 dollars. The capitalist however calculates that the average price which he receives from his customer is 10 dollars, *i.e.*, 2 dollars above the cost advanced.

Whence do these 2 dollars come, which the capitalist pockets? According to what Classical Political Economy says, commodities are sold normally at their values, *i.e.*, at prices which correspond to the quantities of necessary labor embodied in them. The average price of the piece of machinery — 10 dollars — would thus equal its value, or the amount of labor embodied in it. But out of these 10 dollars, 6 dollars were values already in existence, before our engineer began to work. Five dollars were contained in the raw material, one dollar either in the coal which was burned up during the work or in the machinery and instruments which were used during the process and by that much became deteriorated in value by losing an aliquot part of their efficiency. There remain then 4 dollars, which have been added to the value of the raw material. These 4 dollars, however, according to the very assumption of our economists, can be due solely to the labor applied by the workman to the raw material. His twelve hours' labor has then created a new value of 4 dollars. The value of his twelve hours' labor, it would seem, equals then four dollars. The problem, "what is the value of labor," would thus seem to be solved.

"Stop there!" interjects our engineer. "Four dollars. Why! I have received but two. My employer assures me with all his heart, that the value of my twelve hours' work is but 2 dollars, and finds it ridi-

culous for me to demand four. Well, how do you account for it?"

It appears then, that whereas before, while trying to define the value of labor, we landed in a vicious circle, we have now become hopelessly involved in an insolvable contradiction. We have been seeking the value of labor, and found more than we can use. For the workman the value of twelve hours' labor is 2 dollars, for the capitalist — 4 dollars, out of which he pays the workman 2 in the form of wages and puts two into his own pocket. Labor then, it appears, has not one, but two values and quite different ones too, into the bargain.

The contradiction becomes even more perplexing in case we reduce the values, as expressed in terms of money, to hours of labor. During the 12 hours of labor a new value of 4 dollars has been created: during 6 hours then—one of 2 dollars, the exact amount the workman is paid for 12 hours' labor. In other words for 12 hours' labor the workman receives as equivalent the product of 6 hours. The result then at which we have arrived is the alternative conclusion, either that labor has two values, of which one is double the other or that 12 equals 6. In either case the result is — utter non-sense.

Turn and twist as much as we like we cannot extricate ourselves from this contradiction, as long as we use the terms "buying and selling labor" and "the value of labor". And this was exactly the fate of the economists. The last offshoot of classical

economics, the Ricardian school, perished mainly for the reason that it was unable to solve this contradiction. Classical Economics had become irretrievably lost in a "cul-de-sac".* The man to find the way out of it was Karl Marx.

What economists had regarded as the cost of production of "labor" was not the cost of labor, but that of the living laborer. And what they thought the laborer was selling to the capitalist was not his labor. 'As soon as his labor really begins, says Marx, it ceases to belong to him, and therefore can no longer be sold by him.' At best, he is able to sell his *future* labor, i.e., he can assume the obligation to perform a definite labor service at a definite time. But by doing this he does not sell labor (which is only *to be* performed); he transfers to the capitalist for a definite time (in case of time-wages) or for the sake of a definite labor service (in case of piece-wages) the control over his labor-power for a definite payment; he leases, or rather sells his *labor-power*. This labor-power is coalescent with and inseparable from his very person, its cost of production therefore coincides with that of the individual; what the economists called the cost of production of labor is that of the laborer and at the same time that of his labor-power. It is thus that we are able to go back of the cost of production of labor to the *value* of labor-power and to determine the amount of socially necessary labor requisite for the production of labor-power of definite quality, as Marx has done it in the chapter on "The Buying and Selling of Labor-Power" (Cfr. Capital, Vol. I, P. II, Chap. VI, Engl. Translation.)

*Blind alley

What happens then, when the laborer has sold his labor-power to the capitalist, *i.e.*, has transferred to him the control over it for a daily or piece-wage, agreed upon in advance? The capitalist takes the laborer into his shop or factory where there are already all things requisite for production, as raw material, accessory materials, (coal, dye-stuffs, etc.) tools, machines. Here the laborer begins his toil. Suppose his daily wage to be, as before, two dollars, no matter whether they are paid to him in the form of a daily or piece wage. We again suppose that the laborer by his labor during a period of 12 hours has added to the raw material consumed—an additional value of 4 dollars, which additional value is realized by the capitalist when he sells the ready product. Out of these 4 dollars he pays the laborer 2 dollars, but the other 2 he keeps for himself. Now if the laborer produces during 12 hours a value of 4 dollars, it follows that he produces a value of 2 dollars during 6 hours. Consequently he has returned to the capitalist the equivalent of his wage of 2 dollars, after having worked for him but six hours. After six hours of labor they have squared accounts, neither owes the other a single cent.

"Beg your pardon," interjects the capitalist now. I have hired the laborer for an entire day, for 12 hours. Six hours are but half a day. Continue your labor until the other six hours are over, only then we shall be square! As a matter of fact, the laborer has to live up to the "voluntarily" entered agreement, by which he had bound himself to work

full 12 hours in exchange for labor-product which costs but six hours of labor.

The same holds good in the case of piece-wages. Suppose our laborer produces 12 pieces of a certain commodity during 12 hours. The cost of the raw material, the wear and tear of the machinery amounts to say $\$1.33\frac{1}{3}$ cents, the piece sells at $\$1.66\frac{2}{3}$ cents. In such a case, the capitalist, given the same terms as above, will pay the laborer a little over $16\frac{1}{2}$ cents a piece, for 12 pieces — 2 dollars, for which the laborer has toiled 12 hours. The capitalist receives for the 12 pieces 20 dollars; out of these — 16 dollars go for raw materials and wear and tear; out of the balance of 4 dollars, 2 go for wages and 2 are pocketed by the capitalist. The result, then, is the same as above. In this case as well as in the first, the laborer works six hours for himself, i.e., in return for his wage (6 hours out of each 12 hours) and six hours for the capitalist.

The difficulty, which brought to grief even the best economists so long as they started their reasoning with the value of "labor," disappears as soon as we start in its stead with the value of *labor-power*.

Labor-power is a commodity in our present capitalist society, to be sure, a commodity like any other, but still a peculiar commodity. It has the peculiar quality of being a power that generates value, or of being the source of value, and what is more, of being, with proper treatment, the source of more value than is embodied in itself.

As a matter of fact, productive efficiency has

nowadays reached such a stage that human labor-power produces during one day not only a greater value than that which it possesses and costs, but also with each scientific discovery, with each new technical invention, the excess of its daily product over and above its daily cost increases; in other words, that part of the work-day during which the laborer is working merely to reproduce the equivalent of his daily wage is constantly decreasing, while that part is increasing, during which the laborer has to make a *free gift* of his labor to the capitalist, for which he is not paid at all.

And this is the economic constitution of our entire modern society: it is the working class alone which produces all values. For value is merely another expression, for labor, that expression by which in our present capitalist society is designated the quantity of socially necessary labor embodied in a definite commodity. But the values produced by the laborers do not constitute their property. They are the property of the owners of the raw material, the machines and the articles advanced to the laborers, the possession of which enables these owners to purchase the labor-power of the working class. Out of the entire mass of produce created by the working class, it receives back but a small share.

And as we saw just now, the other share, which the capitalist class retains for itself, or, at worst, has to divide with the landlord-class, is becoming greater with each new invention and discovery, while the share falling to the working class (calculated

per head) either rises but slowly and insignificantly, or does not rise at all, and at times may even fall.

But this continuously accelerated rush of inventions and discoveries, this unprecedented daily growth of the productivity of human labor, will in the long run cause a conflict by which our present capitalist economy must perish. On the one side unfathomable wealth and a superabundance of products which the purchasers cannot find use for. On the other side, the great mass of society, proletarianized, turned into wage-workers, and thereby made unable to acquire that superabundance of products. The cleavage of society into a small, extremely rich class, and a great non-possessing class of wage-workers, causes this society to suffocate from its own superabundance, whereas the great majority of its members are hardly, or not at all, protected against extreme want.

Such a state becomes every day more absurd and unnecessary. It *must* be removed, it *can* be removed. A new order of society is possible in which the present class differences will be a matter of the past and where—perhaps after a short, not quite satisfactory, but morally very useful transition period—by means of designed utilisation and further improvement of the then existing vast productive power of *all* members of society, with equal obligation to work, will be given, in equal degree and in constantly growing abundance, the means to live and to enjoy life, to develop and exercise all physical and intellectual capacities. And that the workingmen are more than ever determined to

achieve for themselves such an order of society—to this will bear testimony, on either side of the ocean, the dawning first of May and the Sunday after, the third of May.

FREDERICK ENGELS.

London, April 30, 1891.

NOW ON SALE

Uniform with this

The Communist Manifesto

KARL MARX AND FRED. ENGELS

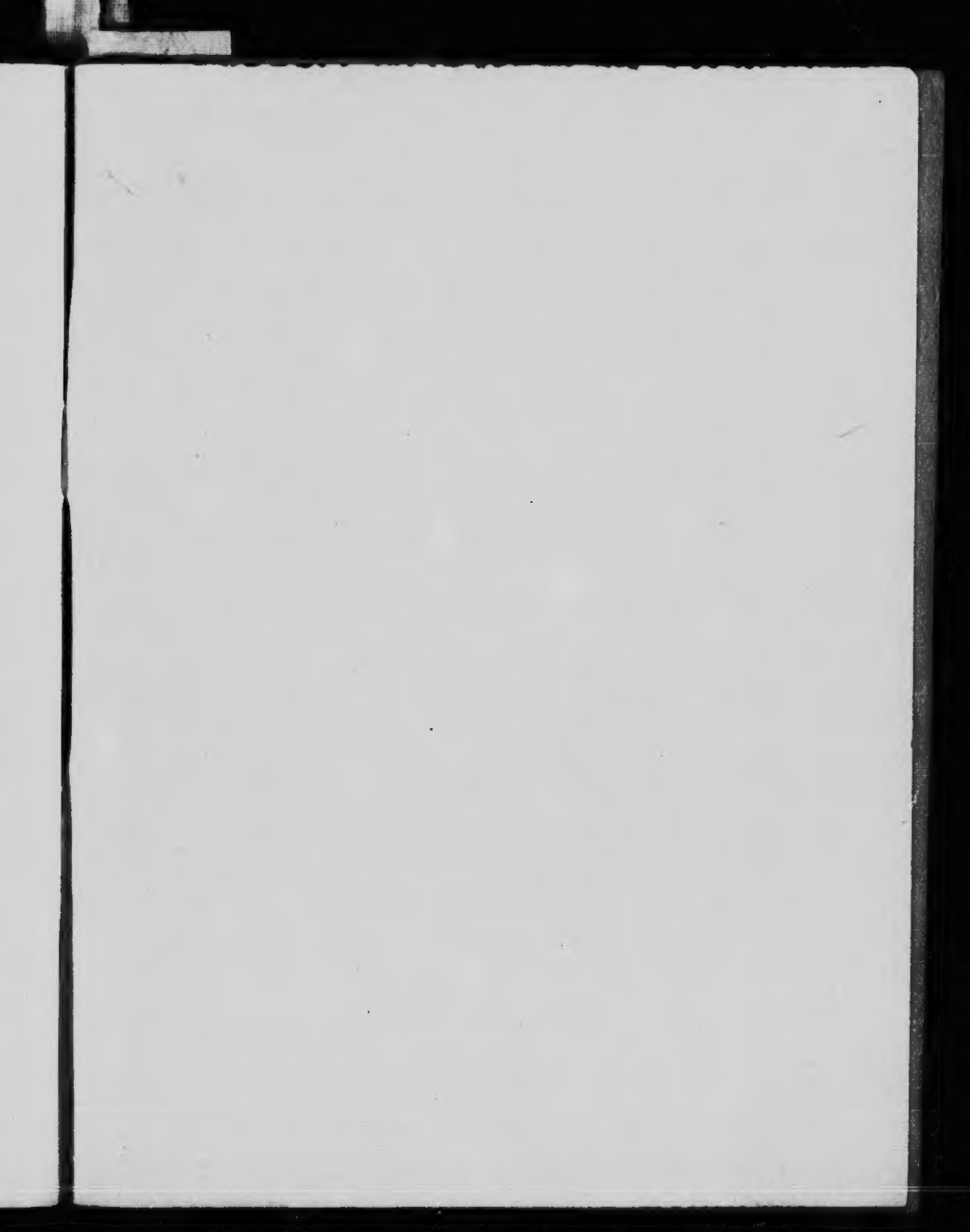
**Socialism: Utopian and
Scientific**

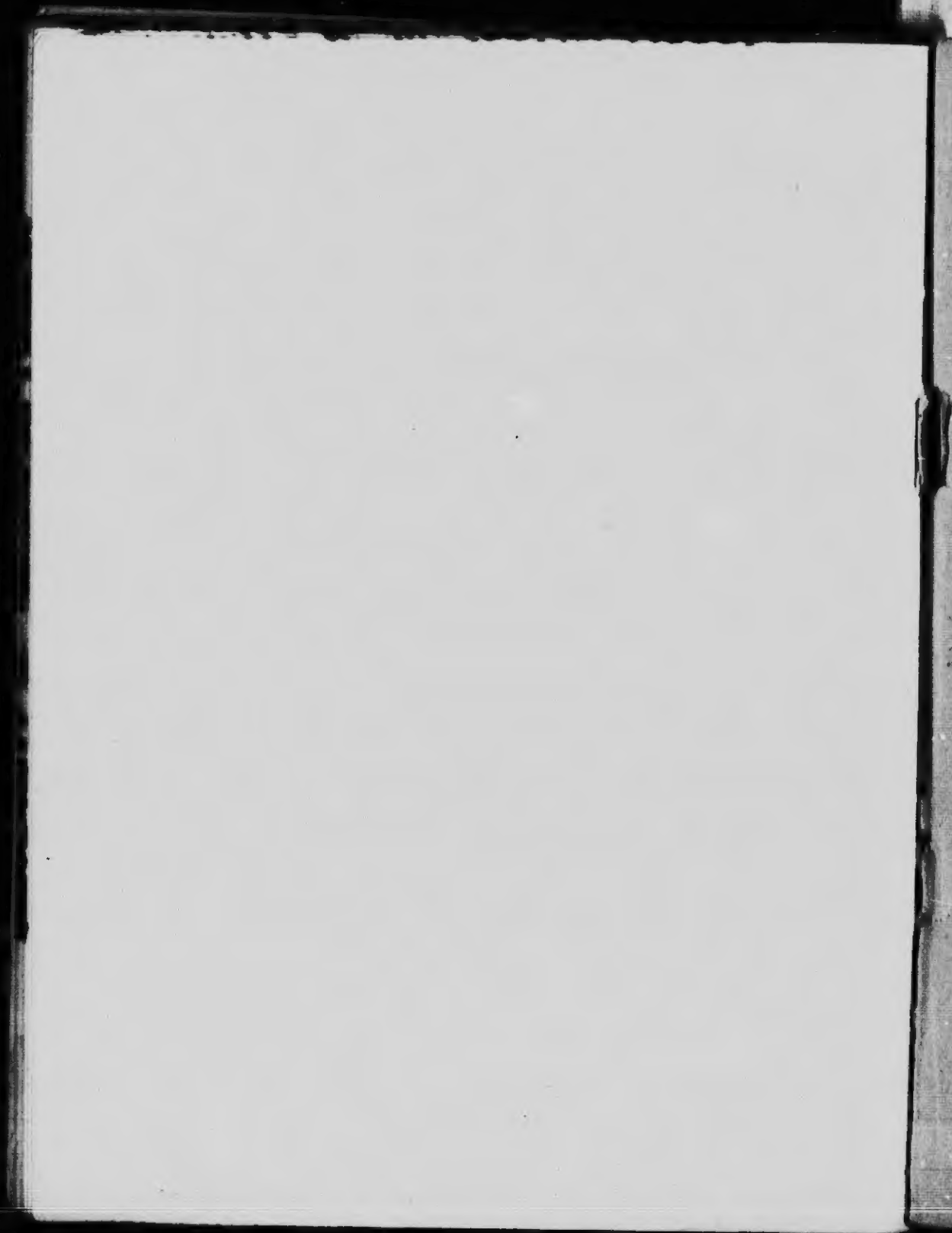
FREDERICK ENGELS

To be issued in near future:—

MARXISM & DARWINISM.....A. Pannekoek

VALUE, PRICE & PROFITMarx





John Walter
82 Fairview Sta-
Kitchen, Ont

